

Set a strategy for retirement now

MARCH 1992

MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

MARKETING BY DESIGN

CONTENTS

VETERINARY ECONOMICS
VOLUME 33, NUMBER 3
MARCH 1992

36 COVER STORY

Marketing by design: Introducing the 1992 Hospital of the Year

Is it possible to combine the latest marketing ideas with a functional, professional design? "Yes!" say this year's competition judges, who found the right combination in the Cove Animal Clinic in Copperas Cove, Texas. Here's a look at the design elements and marketing savvy that make this clinic VETERINARY ECONOMICS' 1992 Hospital of the Year.

48 PRACTICE MANAGEMENT

Today's clients want . . . value

The high-spending 1980s are giving way to the more-cautious 1990s—which means a major shift in your clients' attitudes. The author says that what they want today, more than anything, is *value*.

52 PRACTICE BUILDER

They'll jump at your flea-control program . . .

. . . if your presentation is compelling. Clients need your help to understand this pest—and to conquer it. Here, seven veterinarians offer communication tips for helping clients understand and act upon your flea-control message.

64 SALARY SURVEY

A new look at benefits and pay scales for the practice owner

In part 3 of his salary survey report, Owen McCafferty, CPA, discusses compensation trends and benefits-package statistics for veterinarians who own a practice.

68 CLIENT RELATIONS

How do you respond to a client who says "That's a lot of money"?

After reviewing the ideas you sent in response to a Success File contest, Bob Levoy concludes that although there isn't one perfect answer, some are better than others. Here are his top picks—and a few pans.

71 RETIREMENT

Set a strategy for your retirement now

Your retirement could easily stretch for 30 years—and you'll spend some of them in poverty if you don't start making the necessary arrangements right now. Here's a guide to the options available to you.

78 PERSONNEL

"I wouldn't trade jobs with you, even for a minute"

You make this comment to your front-office staff with the best of intentions, but you may be doing more harm than good. Here's why.

Artwork credits: page 81

DEPARTMENTS

- 6 Memo from the Editor
- 10 Success File
- 14 Letters to the Editor
- 24 Practice Management Q&A
- 27 Money Management Q&A
- 80 New for You
- 84 Marketplace

9 Forecasts

Lowering your malpractice exposure, preparing for the OSHA inspectors, and more.

10 Noteworthy

Introducing the 1992 Practice Manager of the Year, plus a look at glaring deductions.

30 Marketing

Dr. Marty Becker tells how a spay or neuter helps the pet, the client—and your practice.

80 The Back Page

Wit and wisdom on "real" doctors, vet-er-i-nar-i-ans, Masai cattle, and more.

MEMO FROM THE EDITOR

Join the obsession

Management mastermind Tom Peters says that the essence of sustainable competitive advantage is the obvious, the little things, and the accumulation of little things over the years. He writes:

In short, competitive advantage that sticks is invariably about a hundred, a thousand, a thousand-thousand tiny details—each readily copyable (if taken seriously by competitors, which is unusual—and my point), but cumulatively extraordinary in impact and virtually uncopyable in practice . . . The trick—yes, the trick—to sustainability lies, almost entirely, in being obsessed with constant improvement, eventually institutionalizing constant improvement.

You can see Peters' obsession in the eyes of successful veterinarians. Last month in Las Vegas, I met with Ross Clark, Marty Becker, Richard Thomes, Gary Johnson, Tom Maddux, and many other successful doctors, and I hope they will hear the compliment in my words when I say that they are truly obsessed. They are obsessed with client service, staff satisfaction, and superior medicine. They are looking for answers everywhere, and are not content to complain. They are overseers of the thousand-thousand details, and living proof that the cumulative impact is indeed extraordinary.

Veterinarians guided by Peters' quest for improvement are looking inward for success, outward for ideas and inspiration, and away from the temptation to blame their problems on others. As you will see in this issue, they are building award-winning hospitals, studying what their clients want and *providing it*, giving mighty attention to the lowly flea, compensating themselves well, learning to keep clients by understanding their objections, making smart moves to ensure a comfortable retirement, and thinking twice about the offhand remarks they make to their employees.

To borrow once again from Peters, these doctors are in search of excellence, and are not likely to give up until they find it.

Becky Turner

Rebecca R. Turner

veterinary economics

Editor: Rebecca R. Turner

Managing Editor: Catherine C. Lumetta

Assistant Editor: Renée Anderson

Design Director: Gregory B. Kindred

Art Director: Alison J. Fulton

Assistant Art Director: Mark E. Eisler

Special Assignments Editor:
Rebecca Gants

Practice Management Editor:
Ross Clark, DVM

Financial Editors:
Owen McCafferty, CPA, William J. Roll, CPA

Consulting Editor: Tracy L. Revoir, DVM

Editorial Assistant: Ruth Easpy

Contributing Editors and Advisers:

Alan F. Berger, DVM
Alan H. Bush, DVM
Daniel D. Chapel, AIA
Donald R. Dooley
David P. Gallagher
Harry James, DVM
E. John Knapp, AIA
David Lane, DVM
J.H. Rosenberger, DVM
Sam E. Strahm, DVM
James F. Wilson, DVM, JD
Cynthia Wutchiett, CPA

National Sales Manager: Doug Catt

Eastern Account Manager: Jed Bean

Western Account Manager:
Terry Reilly

Inside Sales/Ad Production: Sue Weller

Ad Production Assistant: Sandy Hall

Advertising Assistant: Becky Lindblom

Circulation Manager: Helen McGraw

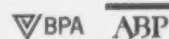
VMPCI

Senior Vice President/General Manager:
Ray Glick, DVM

**Vice President
Editorial and
Market Development:**
Dennis M. McLaughlin

Vice President/Business Manager:
Cary Seem

Editorial and sales office:
9073 Lenexa Drive
Lenexa, KS 66215
(913) 492-4300



VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, KS 66215. Telephone (913) 492-4300. Copyright © 1992 by Veterinary Medicine Publishing Co. All rights reserved. None of the content of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of the publisher. Printed in U.S.A. Price \$6.00 a copy, \$35 a year (U.S.A.), \$50 a year (Canada and Mexico), \$70 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, KS 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, KS 66215.

Volume 33, Number 3



Medical Economics Publishing Co.



**MARKETING BY DESIGN:
INTRODUCING
THE 1992
HOSPITAL OF
THE YEAR**



Is it possible to combine the latest marketing ideas with a functional, professional design? "Yes!" say this year's competition judges, who found the right combination in the Cove Animal Clinic in Copperas Cove, Texas. Here's a look at the design elements and marketing savvy that make this clinic VETERINARY ECONOMICS' 1992 Hospital of the Year.

By Catherine C. Lumetta
MANAGING EDITOR

They've incorporated all the latest ideas for marketing and delivery of veterinary medical services—without flawing the floor plan."

—Ross Clark, DVM

"Look at that exterior: Simple, clean lines—very professional looking—with virtually no maintenance. And then look at the inside: It's hard to work in extra merchandising services without destroying the floor plan."

—Dan Chapel, AIA

"It wears well; it's a classical design. You look at it, critique it, and it just keeps getting better."

—Jim Marshall, AIA

"They've made a high merchandising commitment and done it well; although the neon signs may be a bit overcommercialized, the hospital is nonetheless professional throughout."

—James Rosenberger, DVM

With these glowing assessments, the four judges of this year's VETERINARY ECONOMICS design competition bestowed Hospital of the Year honors on the Cove Animal Clinic in Copperas Cove, Texas.

A superlative combination of marketing and design elevated this entry above 39 others, much to the delight of owners Drs. Marty Hughes, Ed Kahil, and Barbara Barolak Hughes. Their goals in building the clinic: To give the structure "street appeal, permanence, and ease of maintenance."

The owners report that the former Cove Animal Clinic lacked all three qualities. According to Dr. Marty Hughes, who provided the information for this article, "We were in a strip center, with poor signage and accessibility, and only three client parking spaces. We had 2,000 square feet for three doctors, and the facility

The clean, classic, maintenance-free exterior of the Cove Animal Clinic appealed to the design-competition judges—and helped earn the clinic Hospital of the Year honors. The clinic, owned by Drs. Marty Hughes, Ed Kahil, and Barbara Barolak Hughes, and designed by architect Ralph A.

Thibodeau, is located in Copperas Cove, Texas, about 60 miles north of Austin.

The waiting area divides into two distinct seating arrangements (see the floor plan on page 41), providing enough room for clients to find a quiet space, or to visit the surrounding "mall" of ancillary services. In the public and staff areas, walls are a mix of semigloss latex enamel paint and vinyl wall covering.

The judges also honored nine other competition entrants; for a list and a map, see page 38.



WHERE ARE THE WINNERS?



The map above shows the number of design competition entries from each state. The winners—whose states are shaded on the map—are listed below. The Runner-Up and each Merit Award winner will be featured in upcoming issues.

1992 Hospital of the Year
 Cove Animal Clinic
 Copperas Cove, Texas
 Small animal, freestanding
 4,480 square feet

1992 Runner-Up
 Lewiston Veterinary Hospital
 Lewiston, Maine
 Small animal, freestanding
 7,290 square feet

1992 Merit Awards

Allpets Clinic
 Boulder, Colo.
 Small animal, additions/alterations
 7,300 square feet

Animal Health & Medical Center
 Stephenville, Texas
 Mixed animal, freestanding
 10,355 square feet

Bay Glen Animal Hospital
 Clear Lake City, Texas
 Small animal, leasehold
 3,200 square feet

Blue Cross Veterinary Services
 Sarnia, Ontario
 Small animal, freestanding*
 6,200 square feet

Elmfield Veterinary Center & Pet Lodge
 Denver, Colo.
 Small animal, freestanding
 18,239 square feet

*Practice is mixed animal,
 facility is small animal

Emergency Veterinary Clinic
 Charlotte, N.C.
 Small animal, conversion
 7,100 square feet

Loretto Veterinary Clinic
 San Ysidro, N.M.
 Small animal, freestanding*
 1,800 square feet

Uptown Cat Hospital
 Albuquerque, N.M.
 Feline, leasehold
 2,400 square feet

WHO ENTERED WHAT?

The 40 entries in this year's competition included:

Construction type	Number of entries
Freestanding	15
Leasehold	9
Additions and alterations	9
Conversion	5
Renovation	1
Home clinic	1

Construction type	Number of entries
Freestanding	15
Leasehold	9
Additions and alterations	9
Conversion	5
Renovation	1
Home clinic	1

Practice type	Number of entries
Small animal	29
Mixed animal	7*
Feline-only	4

Practice type	Number of entries
Small animal	29
Mixed animal	7*
Feline-only	4

*Only two of the seven mixed animal practices were designed to treat large animals in-hospital.

was very poorly organized."

The doctors began searching for a new location that would offer direct visibility from the highway. As luck would have it, a piece of land became available across the highway from the strip center. The doctors bought the property in 1988, and began planning.

Dr. Hughes gave the team a head start: He'd researched past design articles in *VETERINARY ECONOMICS*, and had already decided to attend a *VETERINARY ECONOMICS* hospital design conference. "We gained a lot of great information there, especially with regard to materials, soundproofing, odor control, HVAC systems, and so on. What we learned is helping us

every day in our clinic," he says.

To finance the new clinic, the doctors received conventional interim and permanent financing based on profit-and-loss statements of previous clinic performance. "We talked to several banks in the area, and three out of four approved our application," Dr. Hughes says. "It was a matter of picking the terms and the bank we felt comfortable with."

Marketing-design connection

The challenge: To offer a full range of services and products in a professional manner—without forcing them on clients. The solution? To present ancillary health-care options through a "mall" atmosphere in the waiting area. "We wanted to incorporate ancillary services in an open-air atmosphere, without forcing them on people," Dr. Kahil says. "We really wanted those other areas to have their own compartments outside the reception area, but visible from it," Dr. Hughes adds.

The result? Separate ancillary services, each with its own room, surrounding a spacious waiting area. Customized names in neon announce each "store": In addition to the "Pet Mart," "Pet Deli," and "Pet Salon," there is an animal adoption room called the "Arfanage." Interior and exterior windows in the Arfanage allow passersby and waiting clients to look in on the adoptees. Adoption fees are based on the cost of the remaining vaccinations, and on the cost of neutering or spaying the animal—both requirements for adoption. ►



COVE ANIMAL CLINIC

Address: 2515 E. Hwy. 190
Copperas Cove, TX 76522

Owners: Marty Hughes, DVM
Ed Kahil, DVM
Barbara Baroliak Hughes, DVM

Other DVMs: Monica Sauer, DVM

Support staff: 13 full-time

Building size: 4,480 square feet

Practice type:

100 percent small animal

Number of cages in wards:
72 dog, 18 cat

Number of runs: 21 indoor
10 outdoor

Number of parking spaces:
14 client
8 staff

Construction cost: \$319,426
(\$71.30 per sq. ft.)

**Other costs (professional fees,
debt service, survey fees):**
\$56,531

Site cost: \$125,000

Equipment costs: \$53,379

Furnishings costs: \$7,215

Architect: Ralph A. Thibodeau, AIA
5926 Balcones, Suite 200
Austin, TX 78731

The doctors asked for natural light throughout the clinic—and they get plenty in surgery (below); cats in the ward sunbathe and enjoy the outdoor view; and clients can peer in at their pets. Even the runs and ward feature skylights.

Selection criteria for clinic materials: longevity, easy maintenance, and aesthetics. The exam tables (right) fold up for easy cleaning, and to allow the doctors to examine large dogs on the floor. Clinic flooring, except in the offices and runs, is covered Armstrong Medintech Inlaid sheet vinyl.

The judges made positive note of the cabinetry, which, with the exception of the plastic-laminate reception desk, is built of enameled wood. The wet and dry segments of the treatment table (bottom) are separated by a column of cabinetry that houses patient records and supplies, and provides electricity.



just move to whatever area isn't occupied, and many of them spend their time walking around the area looking at the Arfanage and Pet Mart," Dr. Hughes says.

Marketing inside and out

"We wanted to create such a unique facility that clients would talk about it when they went home," Dr. Hughes says. Clients, for example, are talking about the covered drive-thru lane, which they use during inclement weather, and when they need only to pick up a prescription or other supplies.

Says Dr. Hughes: "We decided to include a drive-thru for two reasons, both with the client in mind: To keep animals dry and clean, and for the convenience of

When told that one of the judges questioned the commercial nature of the neon signs, Dr. Hughes explained, "That was the signage we felt would go along with the mall effect. We have several malls in the area that use a lot of neon, so the clients relate to it. Neon seemed to be fun and different for a veterinary clinic. I agree that it can be very gaudy and glaring, but we chose soft colors."

The doctors report that their clients like the mall concept, many of them preferring to wander through it than to sit in the waiting area, which was originally designed for separate cat and dog seating. "We found that there's so much space that clients usually

THE GOING RATE FOR NEW HOSPITALS

Clinic type	Average construction costs ¹	Average cost per sq. ft.
Freestanding	\$341,869	\$61
	\$417,945	\$71
Leasehold	\$113,987	\$49
	\$109,400	\$49
Additions/alterations	\$277,809	\$61
	\$209,297	\$43
Conversion	\$226,693	\$59
	\$185,000	\$42
Renovation	\$473,476	\$66
	*	*
Home clinic	\$6,340	\$19
	\$175,000	\$160
All projects	\$256,687	\$57
	\$332,495	\$65

☐ 1992 entries ☐ 1991 entries

¹Figures compiled from VETERINARY ECONOMICS' Hospital Design Competition entries from 1991 and 1992. Includes all materials, labor, and contract costs. Professional fees, land, and equipment costs not included.

*Not applicable.

the quick drive-up. It's used every day around lunch time, when people are running errands. And on rainy days there's a line five cars long. Clients just love it."

A bonus, Dr. Hughes adds, is the convenience the drive-thru offers clients with emergencies. "The area is well-lit and very accessible, which makes clients feel secure when they come in after hours," he says.

Architect Ralph A. Thibodeau, AIA, of Austin, a friend and client of Dr. Hughes', designed the facility to be comfortable, attractive, and efficient for both staff and clients. To help accomplish these goals, the building is zoned into public, private, and animal-quarter areas, each separated by sound and odor buffers. (See the floor plan on page 41.)

To make the interior of the building comfortable, a three-zone geothermal heat pump with automatic programmable change-over thermostats regulates the building's temperature; the adoption room has its own HVAC as well. A separate HVAC system with a ventilation cycle heats and cools the animal quarters to minimize odor; dehumidifiers in the runs aid in moisture control.

The ward and run areas at the back of the hospital are acoustically sealed with weather stripping, acoustic sealant at the duct penetrations, and solid-core doors. Partitions extending to the roof deck are insulated with fiberglass sound-attenuation batts.

The isolation area, which the doctors report is easily monitored from a hall adjoining the treatment area, exhausts air directly to the outside. The doors to each unit are sealed with weather stripping; windows allow doctors and staff to view the animals without opening the doors.

The doctors wanted natural light in as many places as possible; thus the placement of windows in the reception/mall area and in such non-traditional areas

Competition judges pored over the 40 entries for two days. The judges, from left: Architects Dan Chapel, Little Rock, Ark., and Jim Marshall, Prairie Village, Kan.; and Drs. Jim Rosenberger, Cleveland, Ohio, and Ross Clark, Tulsa, Okla.



THROUGH RAIN, SLEET, AND SNOW . . . THE COMPETITION MARCHES ON

We're happy to name Dr. Jim Rosenberger "Trooper of the Year" for allowing neither rain nor snow nor delayed airplanes to deter him from judging the hospital design competition. This year, he sat in an airport for eight hours; last year, when the weather forced his flight to land in Omaha rather than Kansas City, he took a bus the rest of the way.

When Dr. Rosenberger called from the Cleveland airport last January 16th, after his second flight delay of the day, he asked, "Do you still want me to come?" The answer was easy: "Of course—as long as you're still willing." We couldn't let him miss his 27th year of judging VETERINARY ECONOMICS' annual hospital design competition—just because of a little snow. Dr. Rosenberger arrived eight hours after everyone else, but was as willing as ever to devote his attention to the 40 veterinary hospitals that made up this year's competition.

The next day, after a late night of studying the entries, Dr. Rosenberger and his fellow judges—Dr. Ross Clark, and architects Jim Marshall and Dan Chapel—were pleased with what they'd seen. "We found that a much lower percentage of floor plans had major defects in them," Dr. Clark says.

"The quality of designs has continued the improvement we've seen in the last couple of years," Marshall adds. "The main line of entries—the middle 30—were good, solid designs with very few flaws, and we haven't seen the real clunkers we used to see."

—The editors

as the surgery suite. The natural light, combined with recessed incandescent down and spot lighting, mixes with the fluorescent lighting to provide a warm look to the clinic interior. Alternating blue and mauve plastic-laminate seating and counters complete the professional but inviting look.

Booming business

The new Cove Animal Clinic opened its doors February 15, 1991. "During 1991, our business increased 24 percent, which is similar to the growth rate we've always experienced," Dr. Hughes says. "But we have a lot of military in the area, so during Desert Storm, the economy was quite slow. In the last several months, we've had pretty dramatic increases, more toward 35 percent, and since we opened our doors, we've increased lay and professional staff 50 percent."

To fine-tune their hospital, the doctors are adding more Tectum and USC acoustic panels in the run and reception areas. "Our architect advised us to try it as is in order to see how well the materials would absorb sound, but the runs are a bit too noisy with all the concrete," Dr. Hughes says.

Otherwise, the doctors say they wouldn't change a thing: "We've been tickled to death," Dr. Hughes says. "Traffic flow has worked out great. It's very easy for the doctors and staff to work, and it seems to be a comfortable place for clients and their critters. It's just a lot more fun to come to work now." □

TAKE NOTE: A LOOK AT THE LATEST TRENDS

The design-competition judges noted several significant trends in this year's entries. For example, retailing isn't simply relegated to a corner of the reception area anymore. "When we started seeing this retailing trend, the displays were just a square at the end of the hall," architect Dan Chapel says. "Now, as the Hospital of the Year illustrates, veterinarians seem to be integrating them into the overall traffic flow. That isn't easy, and I think they've begun to do it very well."

The judges also noted changes in the runs and kennels of many of the hospitals. "We've seen a trend toward stainless-steel or aluminum run gates and various enhancements in the kennel area," Dr. Ross Clark says. "In the '90s, it's going to be important to have attractive boarding and hospitalization spaces, because more and more clients want a tour of hospitals. If you have an attractive place, you're much more likely to oblige. And that can be the difference between winning a boarding animal and losing it to someone else. And if you don't get the boarding, you don't get all the rest of the care throughout the year."

"Although I don't severely fault anybody who uses chain-link runs," he continues, "sometimes it separates the Hospital of the Year from those second in line. That's how close the competition is." Architect Jim Marshall adds: "We did see several good examples of custom-made, welded-wire fabric run gates. This idea seems a good compromise to avoid the cost of stainless steel and the problems that a woven chain link presents."

Flooring is a concern as well. "From my experience on this panel and visiting hospitals, tile is still king of flooring," Dr. Clark says. "It should be used throughout most of the hospital. It seems doctors always run into trouble eventually with coved tile, not because it's inherently problematic, but be-



The competition judges prefer stainless-steel runs for the best maintenance, such as those in the Cove Animal Clinic (left), but they concur that those made of welded-wire fabric are a cost-effective alternative (below). In the Cove Animal Clinic, the runs feature flushing floor drains and high-pressure spray hoses; walls are finished with PPG Aquapox epoxy paint.



cause it's hard to find installers who do a good job."

"I noticed that some people have found some materials they're very happy with," adds Dr. Jim Rosenberger. "So I think there are some answers out there; I encourage people who are thinking about building a hospital to talk to the doctors who own these winning hospitals, because they've really done a lot of good research."

Noting the number of entrants who expressed problems obtaining financing for their projects, Chapel says it's important to research financing options. Adds Dr. Clark: "I noticed many of the doctors got SBA loans; one veterinarian commented that his \$400,000 loan was easier to get from the SBA than the original \$11,000 loan he used to open his first clinic. So don't overlook the SBA."



CHALLENGE 1992

A NEW LOOK AT BENEFITS AND PAY SCALES FOR THE PRACTICE OWNER

In part 3 of his salary survey report, Owen McCafferty, CPA, discusses the compensation trends for veterinarians who own a practice.

By Owen E. McCafferty, CPA CONTRIBUTING FINANCIAL EDITOR

Editor's note: In the January issue, we kicked off a four-part series based on a salary survey conducted by Owen McCafferty and VETERINARY ECONOMICS. In part 1, McCafferty pointed out that the purpose of the survey is to look at veterinary practices today, and to identify trends that may affect your practice in the future. He also noted that the figures do not account for 1990 and 1991 inflation, and should be carefully considered in tandem with his commentary. The next survey will be conducted in the April issue, and you're encouraged to participate.

In January's report, McCafferty discussed salary trends for technicians, receptionists, bookkeepers, office managers, and practice managers. In February, he discussed groomers and kennel workers. This month, he turns his sights to practice owners.

THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

According to the veterinarians who responded to this survey, practice owners work, on average, nearly 2,521 hours in a 52-week year, or 48.5 hours a week. These numbers are similar to those worked by business owners in other professions.

Although veterinarians work about 440 hours more a year than a typical 40-hour workweek entails, the number of hours devoted to practice has declined over the years. Ten years ago, for example, practitioners worked 2,600 to 2,800 hours a year without thinking about it twice. But as veterinarians streamline their practices and determine to improve the quality of their lives, many devote less time to veterinary medicine. I suspect this trend will continue, with practitioners working fewer hours each year.

Practice owners reported an average annual salary, excluding return on investment, of \$68,119, which translates into about \$27 to

\$31 per hour. (The range arises because of the large number of respondents whose work hours varied throughout the year.)

It's important to note that the minimum and maximum amounts shown in the table on page 66 may reflect responses from practice owners who work part-time, from practice owners who are either under- or overpaid, or from those survey respondents who didn't fully understand the question. Although we included these ranges for your review, the averages are a more

meaningful point of reference.

Practice owners' total salaries represent an average of 28.07 percent of gross practice income. However, when income from boarding, grooming, and point-of-purchase displays is taken out of the equation, the practice owner's compensation as a percentage of gross practice income more closely approximates 30 to 31 percent.

We found that the average number of owners per practice is about 1.36, illustrating the tendency toward multiple ownership.

Our prediction: That the average number of owners per practice will grow to two by the year 2000.

Time out, time off

Contrary to popular opinion, practice owners allocate sick time for themselves: about 58 hours, or 1.4 weeks per year. Owners also receive about 136 hours per year of vacation time, or 3.4 weeks per year. As for holidays, owners allocate, on average, 46 hours per year, or 5.7 days.

Please note that all of the hours



FOR CANINE COUGH PREVENTION, NARAMUNE-2™ WINS BY A NOSE.

In the past two years, more dogs have been protected from canine cough than ever before, largely due to the convenience and efficacy of intranasal vaccines. And NARAMUNE-2™ is fast becoming the product of choice for a number of significant reasons.

First, NARAMUNE-2 protects against the two major canine

cough disease-causing organisms, *Bordetella bronchiseptica* and canine parainfluenza.

Second, NARAMUNE-2 is prepared from canine isolates which makes it unique among intranasal vaccines.

Third, NARAMUNE-2 protection begins as early as 48 hours and immunization is achieved by 72

hours following vaccination.

Fourth, NARAMUNE-2 is a safe and effective one-dose vaccine and is sold exclusively through veterinarians.

NARAMUNE-2™
Fast Prevention of Canine Cough.
Bio-Ceptic®

PRACTICE OWNERS**AVERAGE ANNUAL HOUR AND
PAY STATISTICS FOR OWNERS**

	Average	Minimum	Maximum
Pay per hour	\$30.81	\$12	\$61
Pay as % of practice gross	28.07%	9.0%	50.0%
Pay per year	\$68,118.54	\$5,600	\$245,215
Number of hours worked	2,520.88	190.0	4,160.0
Number of owners	1.36	1.0	5.0
Number of vacation hours	136.36	30.0	700.0
Number of holiday hours	46.01	12.0	144.0
Number of sick hours	57.53	16.0	240.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit-sharing plan	\$11,216.93	\$575	\$40,000
Contribution for health-insurance benefit	\$2,834.40	\$104	\$8,600
Contribution for unreimbursed medical expenses	\$1,388.46	\$200	\$8,000
Contribution for child-care benefit	\$1,000	\$1,000	*
Contributions for other benefits	\$3,270	\$30	\$15,000
Contribution for continuing education	\$1,359.80	*	*
Number of days offered for continuing education	6.7	0.5	30.0

*None provided

mentioned in the survey are based on an eight-hour day; however, it's incorrect to assume that owners work eight hours a day—as you know, a workday may span 10 to 12 hours. But in order to compare the figures to employee statistics, we translated vacation, holiday, and sick time into hours—the lowest common denominator.

Annual benefits

We were surprised to find that some practice owners are still making rather sizable contributions to pension and profit-sharing plans, contributing an average of \$11,217 annually. Most of the veterinarians we work with are either terminating their pension plans and rolling the proceeds into a profit-sharing plan, or eliminating qualified deferred-compensation plans entirely. But don't assume that sizable numbers of practitioners have pension and profit-sharing plans.

For this survey, we didn't include those veterinarians who *don't* make contributions to pension and profit-sharing plans; including them would distort our model. Of those who do contribute to such plans, we found that the average contribution as a percentage of total compensation is 16.5 percent, evidence that most practitioners contribute at or around the profit-sharing plan limitation of 15 percent, with some also having defined-benefits plans. However, practice owners who contributed through an unincorporated Keogh plan contributed less, because such contributions are gen-

erally restricted to a little more than 13 percent.

Practice owners report paid medical health-insurance premiums of \$2,834. From our knowledge of health-insurance programs, this figure compares to a family plan with a deductible of between \$300 and \$500. Premium costs vary by territory, so we can't assume that the deductible will stay consistent. We believe, however, that the average amount of health-insurance costs for owners will escalate materially over the years. Obviously, health risks or prior incidence of disease will cause these costs to increase as well.

Turning now to unreimbursed medical-expense plans, average reimbursement stands at \$1,388, or a little more than \$115 per month. Although this amount is higher than we expected, we realize that some practices don't qualify to deduct unreimbursed medical-expense plans. In order to qualify, coverage must be non-discriminatory, but some practices violate this rule. Many practitioners are not aware that the unreimbursed medical-expense plan must be written in a non-discriminatory manner.

The questionnaire didn't ask if the practitioners complied with all of the deductibility rules, but our guess is that the amount of contribution on a non-discriminatory basis would be much lower, probably at the \$500 to \$600 level per year, assuming that the respondents specified that their plans didn't qualify. Keep in mind that the omission of such informa-

The most competitive practices place the greatest emphasis on CE.

tion does *not* affect the survey's validity for payment of benefit, but merely the deductibility of that benefit.

Also remember that political factors may cause medical benefits to be determined by statute. In other words, payment may be exacted through taxation instead of through voluntary participation in an employer-provided medical-benefits program.

Child care and CE

The survey shows that very few practices offer child-care benefits for practice owners. Of the practices that do, the average benefit is \$1,000. We included this item on the survey, because we believe that the amount will climb as the pressure to attract and keep competent employees increases. We also predict that parental-care benefits will become a negotiated fringe benefit by the year 2000—or even sooner.

Unlike child-care benefits, continuing education (CE) is a budgeted line item in most successful

practices, representing at least 0.8 percent of total gross income, and even reaching as high as 5 to 6 percent. Practices spend an average of \$1,360 per year on CE for owners, or about 6.7 days. This statistic is testimony to the foresight of the veterinary profession; attorneys, for example, receive fewer CE days than veterinary practice owners, while accountants receive 8 to 10 days.

It's interesting to note that those practices that spend more on CE also report the highest gross income per doctor. Keep in mind, however, that although CE is a good investment, you should choose courses that will provide an economic benefit to the practice. Wasting your money on CE that is nothing more than a thinly disguised vacation offers little in the way of practice growth. We strongly encourage practitioners and staff members to enroll in programs that will provide economic worth. Remember, the most competitive practices today place the greatest emphasis on CE.

A final comment, which I'll include in each report: Please understand that your ability to pay salaries—and to pay yourself—is contingent strictly on your ability to generate income. If you find these salary payments unacceptable or below the standard you hope to pay, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset—yourself and your employees. ■